

# **NEWS RELEASE**

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COMMISSIONER OF BANKS**

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## **Manufactured Home Lender Refunds \$2.8 million to N.C. Homeowners and Agrees to Improve its Business Practices**

RALEIGH— The N.C. Office of the Commissioner of Banks (NCCOB) announced today that Vanderbilt Mortgage and Finance, Inc. (Vanderbilt), which specializes in financing for manufactured homes, has agreed to improve its business practices and internal controls to ensure compliance with state and federal laws as part of a settlement agreement with NCCOB. To resolve NCCOB concerns, Vanderbilt has agreed to refund \$2.8 million to North Carolina homeowners, pay a civil money penalty of \$750,000 to the State, and contribute \$250,000 toward the State Home Foreclosure Prevention Project (SHFPP).

“This settlement with one of the largest manufactured home lenders in the State demonstrates NCCOB’s commitment to ensure that all North Carolina borrowers receive the protection of North Carolina’s leading mortgage lending laws,” said Mark Pearce, Chief Deputy Commissioner of Banks. “As more and more manufactured home loans are now secured by real estate, manufactured home lenders have struggled to meet the standards required of mortgage lenders. This settlement should serve as a message to manufactured housing lenders to make sure they operate in compliance with North Carolina law.”

Manufactured housing represents 15% of housing in North Carolina. Traditionally, manufactured home lenders offered loans secured by the manufactured housing unit itself. In these transactions, the unit was considered a vehicle under North Carolina lending and title laws. However, in recent years, the industry has increasingly relied on “land/home” deals, where the manufactured home unit is attached to real property, titled as real estate, and secured by a mortgage. These mortgages are and have always been subject to all of North Carolina’s mortgage laws. Moreover, due to recent changes in mortgage licensing laws, individuals who solicit or accept applications to finance manufactured homes must be licensed and supervised by NCCOB, regardless of whether or not these home loans are secured by land.

NCCOB’s examination of Vanderbilt alleged numerous violations of North Carolina law. Upon notice of the alleged violations, Vanderbilt took prompt corrective actions to ensure its processes addressed NCCOB’s concerns.

As a result of this examination, Vanderbilt will refund \$2.8 million to its borrowers. The vast majority of these refunds will be done automatically by crediting the borrower’s account, so borrowers with existing Vanderbilt loans do not need to take any action. Former Vanderbilt borrowers covered by this settlement should receive a refund check, and if they have any questions, they should contact Vanderbilt at (866) 702-3777.

In addition to borrower refunds, Vanderbilt has agreed to pay a civil money penalty of \$750,000 and to make a contribution to SHFPP. SHFPP is a statewide effort to prevent unnecessary foreclosures and has resulted in over 3,200 foreclosures prevented in the first 16 months of operation.

The Settlement Agreement and Consent Order are available at:  
<https://www.nccob.org/Online/NMLS/CommissionOrderListing.aspx>.

NCCOB regulates state-chartered banks, thrifts, savings and loans, trust companies, and more than 600 mortgage lenders/servicers/brokers and 6,000 loan officers, as well as numerous consumer finance companies, check-cashers, and other financial services. NCCOB is funded by industry fees and assessments and not taxpayer dollars.

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